

Ameritech

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

Anthony M. Alessi
Director
Federal Relations

November 23, 1998

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Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 12th Street, SW
TW-A235
Washington, DC 20554

Re: **Ex Parte Filing**
CC Docket 96-262

Dear Ms. Salas:

On Friday, November 20, 1998, Karl Wardin, Mike Alarcon, Denise Reidy and I met with Richard Lerner, Deputy Division Chief, Tamara Preiss, Attorney, Jay Atkinson, Chief Economist and other members of the Competitive Pricing Division to discuss Ameritech's position on access reform and pricing flexibility. The attached material was used as part of our discussion.

Sincerely,



Attachment

cc: Richard Lerner
Tamara Preiss
Jay Atkinson
Aaron Goldschmidt
Ed Krachmer
Steve Spaeth
Neil Fried
Florence Setzer
Joel Taubenblatt

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Access Reform - Let the Market Based Approach Work

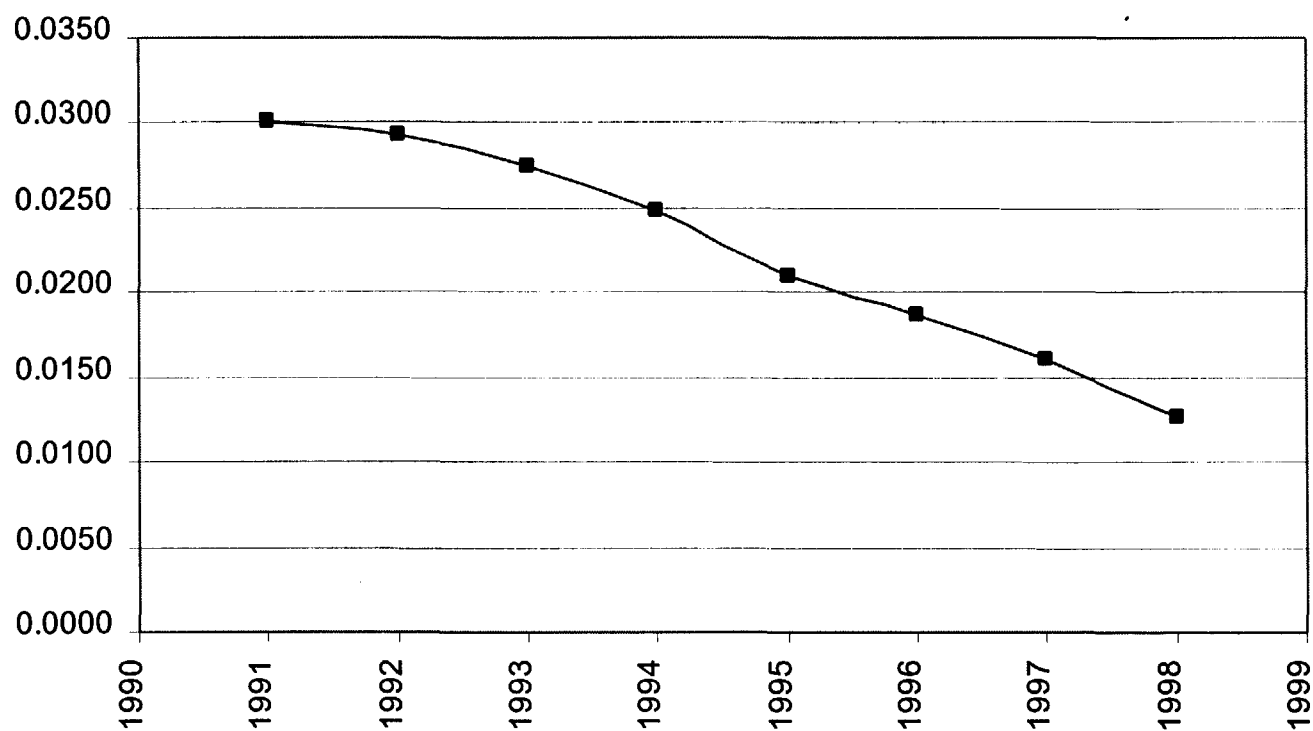
November 20, 1998

Let the Market Based Approach Work

- Ameritech's comments demonstrate that competition has developed sufficiently to adopt a pricing flexibility framework which addresses three important matters
 - » Greater pricing flexibility commensurate with the growth of competition
 - » The phasing out of the price cap X-factor with the growth of competition
 - » The removal of competitive services from price cap regulation
- In an ever increasing competitive environment, the market based approach will continue to benefit consumers and the industry
 - » The full effect of competitive market-based pressures on access rates resulting from the recently approved AT&T/TCG, MCI WorldCom/Brooks/MFS and Qwest/LCI mergers have not yet been realized in the marketplace. Let the markets work
 - » Prescription of rates to forward looking costs or increasing the X-factor will discourage ILEC productivity and investment and stifle the development of facilities based competition
 - » ILECs provide the majority of infrastructure development; pricing flexibility incentives need to be adopted to encourage continued network investment
- USTA updates to the FCC's average model X-factor and USTA's TFPRP model demonstrates that the X-factor is too high

Ameritech's Access Rates are Just and Reasonable

Ameritech Switched Access Rate History
1991-1998 Annual Filings



The Time is Now for the Commission to Adopt a Pricing Flexibility Framework

- The Commission must use a workable standard in any pricing flexibility proposal
 - » DS1 equivalents and MOUs in collocated offices is an example of a workable standard that measures tangible (not potential) competitive pressure
 - » The Commission always has the right to ask for additional competitive information, if needed
- Other than USTA's proposal, no reasonable or constructive proposals have been offered by commentors
- Numerous telecommunications services have been declared competitive under the Illinois Competitive Declaration process
- Hi-Cap and Directory Assistance services are substantially competitive and should be removed from price cap regulation

**Ameritech Ex Parte
November 20, 1998**

Illinois Special Access

Effective November 10, 1998, the following Special Access products were declared competitive within the state of Illinois:

- Metallic Service
- Telegraph Grade Service
- Direct Analog Service
- Program Audio Service
- Direct Digital Service
- Base Rate Service
- DS1
- DS3
- OC-3
- OC-12
- OC-48
- SONET Xpress Service

Directory Assistance (DA)

The following providers currently compete in the DA Market:

- Excell Agent Services
- Teltrust
- InfoNXX
- Hebcom
- Metro One
- GTE
- Rochester Telephone
- RBOCs

Product Alternatives:

In addition to traditional Directory Assistance, Long Distance and Wireless providers' customers have access to an increasing number of alternative sources for directory information.

Alternative Directory Assistance providers:

- AT&T's "00"
- AT&T's 900-555-1212
- MCI WorldCom's 10-10-9000
- AT&T's 800-555-1212 Toll Free information
- UDSI's 800-555-1414 Toll Free information
- 1-888-411-4Free: Discounted Long Distance packaged with free directory information (expected to enter market in the coming months)

Internet Search Services provide free access to local and national listings. Many sites offer national searching by listed name, including:

- Yahoo!
- Four11.com
- switchboard.com
- whowhere.com
- infospace.com
- Infoseek.com

Other sites, such as Nynex Big Yellow and Ameritech Yellow Pages, offer the ability to search for businesses using "yellow page" categories and other data. These services are currently being integrated into all of the major worldwide web search engines.

National CD-ROM - Several firms, offering over 20 different products through major retail outlets and mail order, equip customers with national search capabilities based on listed name, SIC Code, or other data.

- Directory USA
- Power Finder
- PHONE BOOK
- Phone Disc USA
- ProCD
- Select Phone
- PhoneSearch USA

Electronic DA provides access to US business, residence and government listings, regardless of geographic location.

- Answer Soft
- Directory Search
- Find USA
- Metromail NDA
- Fast Data